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TAGS: [ECON](#) [EINV](#) [ETRD](#) [EAID](#) [PGOV](#) [HR](#)

SUBJECT: ZAGREB WEEKLY ACTIVITY REPORT - AUGUST 7

11. (U) SIX SHIPYARDS OFFERED FOR SALE:

On August 1, the government issued long-awaited tenders for six Croatian shipyards. Among the shipyards up for sale is Brodosplit, the largest Croatian shipyard with 4000 employees. The contentious process, which has dragged on for years, has pitted unions against government efforts to satisfy EU demands for privatization of the loss making enterprises. Most of the widely publicized tenders call for each shipyard to be sold for one kuna (about 20 cents), with the winning bid to be determined by how much debt the bidder is willing to assume, and how much they are willing to invest in the shipyards' continued operation. The press has so far speculated on only one potential bidder, a relatively unknown Croatian mining tycoon who has expressed only nominal interest in expanding his investments into shipyards. Comment: Long accused of dragging their heels on the privatization process due to the sensitive politics of the shipbuilding industry, the government is now moving forward under the worst possible circumstances. It is hard to see large numbers of potential buyers emerging in the current economic climate. End comment. (DWestfall)

12. (SBU) HDZ,S HEBRANG LAUNCHES PRESIDENTIAL BID:

A founding member of the Croatian Democratic Union (HDZ), Andrija Hebrang formally accepted the HDZ,s nomination to be the party's candidate for the Croatian Presidency. As a cancer survivor, Hebrang waited several weeks, pending medical tests, before declaring himself fit to accept the party's offer made in early July. Hebrang, long-considered by many as the de-facto leader of the nationalist, right-wing segment of the HDZ, indicated that his campaign would revitalize the role of Homeland War veterans in society and the reenergize the memory of the founder of the Croatian State and the HDZ party the late Franjo Tudjman. However, in a tacit acknowledgment that to win he would need support from more centrist voters, his campaign slogan, "for a European and proud Croatia", is a nod toward EU membership and compliance with European standards. This balance of strident nationalism and more centrist ideas was highlighted in his first major interview for the Rijeka-based Novi List where he mentioned his overt support for Bosnian Croat rights but also strongly condemned the controversial hyper-nationalistic singer Marko Perkovic aka Thompson for shouting fascist Ustasha greetings at a recent concert. (DMeges)

13. (U) JOINT U.S.- CROATIAN GOVERNMENT REGULATORY REFORM PROJECT SHUT DOWN:

The Croatian government project known as HITROREZ (Office for Regulatory Impact Assessment), which was established with the help of a USAID program in 2006, was shut down by the government on July 30. The project aimed to review and potentially eliminate 1451 laws and regulations affecting business operations. The media has called the decision evidence of the failure of the HITROREZ program, but HITROREZ representatives told post the reason was simply ongoing budget cuts. They added that state administrative offices have accepted 501 of the office's recommendations for regulatory changes and have implemented 368, or 70 percent of

them. (DMatijas)  
WALKER